GF

P-23 (E)

App. F. IX-4

1930.

File No. 6-30

Previous References
G.7. 6-21-26, 27, 31, 38 + 40

(G.7.)

Serial Nos. 7, 18, 38 + 42

Later References
G7 6-Ja 88 81-83

PRESERVED

General and Revenue Secretariat.

Serial Nos. 4

Part B for November 1930

SUBJECT.

Scheme of advances by the Bank of Mysore for investment on the New loans 1930.

---

38) To Comptroller

No 71. 1502 M 28/29 - 8.-1930

Sanctioned

31/11/30

General and Revenue Secretariat

File No. 8J 6 of 1930

Serial No.	
	From the Comptr No 31654 letter dated 8th Aug 1930
	Requests 700 copy of D.O letter dated 6.8/30 from the Manager Bank of Mysore re conditions under which the Bank is prepared to advance money to the Public to subscribe to the new loans and requests orders of Govt in the matter as also for advertising the Bank's advance Scheme thro the Publicity Officer in Madras Mail, The Hindu, and the Times of India and the Daily Post
	The Previous papers referred to by the Secretary are put up. Vide flag IV
	As the Publicity Office is doing the advertisement work the Banks adverts advance Scheme may also be advertised in the papers referred to through that Agency.
	Sabapathy 12/8/30
	A.S. 12.8.30
	Hdsey,
	I have spoken to Mr Brien today. He is agreeable to the arrangement adopted in respect of the 6% & 7% loans being extended the Govt can also the amounts subscribed under the advance Scheme will form part of the balances and Cashy account as

NOTE—Contu. Sheet.

WD 02553—G PB—50,000—8 7 30

for agreement. He was under a misapprehension that the amount was deposited with the Bank free of interest. He promised to withdraw the Cheque on calling his original letter. His further communication may be awaited before Cheque acts complimentary.

h
11/1
Sec

COMPTROLLER'S
13 AUG. 1930
BANGALORE.

No. 4414 F.I. Dated 11th August 1930.

Returned with compliments.

A copy of Letter No. 102 dated 17th inst., received from the Mail Officers, Bangalore, in the matter is herein submitted for information.

2151
15/8
1

S.O.

11th Aug 1930

18 AUG. 1930
No. 1144.

Sent 7.8.30

Secy.

For perusal and advice.
The arrangements may be confirmed.

1st Secretary

h
15/8/30.
A

Draft Sent
LW
18/8

17.8.30

h
A

2334
20/8

B

h
25/8/30

Issued 21-2/8/30

General and Revenue Secretariat | G.F. File No. 6 of 1930.

Serial No. 38

From

The Comptroller no. 896 & 9.9.30

Informs that the Mysore Bank have agreed to allow interest on the full amount subscribed for under the advance scheme at the rate applicable to current account balances under the agreement with the Bank.

Subd. for information

W 15/9

15.9.30

H.Secy.)

From

The Comptroller no. 1017/S.2. & 15.9.30

Forwards for information & orders the correspondence between Rsn & the Mysore Bank in regard to the Mysore Bank Advance Scheme for Subscribing to the New Loans.

H: Secy's orders:

U.S. Rsn.

Immediate with p.p.

Please note what the arrangement was in connection with the flotation of 6¼ & 7 of 6½ % Loans in 1920 & 1921 respectively.

(Init) B.S. 16/9/30.

In the year 1920, the Mysore Bank made advances to approved persons at 6¼ percent payable in 24 months for Subscribing to the Loan notified then

In the year 1921 also, advances made were at the same rate & spread over for 2 years.

On both the occasions, only the advanced amounts were left with the Bank for ... loans

Flag K — page 36 of the printed collection.

Flag W (G.F. 6-21 26, 27, 31, 40)

NOTE—Contn. Sheet.

Vide also G.F. 6-21 227, 327, 328)

Flag for G.F.

WD 02553—G.P.B.—50,000—8-7-30

~~should not be~~ The condition was that this sum should not be withdrawn without the consent of both the parties — Govt & Bank. There was a specific understanding on the previous occasions in respect of the conditions to subsist when the Bank itself availed of the Advance Scheme. This time no such understanding has been arrived at. Hence the Comptroller's observations - vide A in the P.U. ~~D~~

Subd. with references.

WW
17/9.

~~In~~ The last two occasions when loans were taken [illegible] the 6% interest, the 6½ & the 7 percent loans), the Bank was [illegible] the amount at credit of the Govt [illegible] ~~the~~ constituents as well as - in respect of itself and its constituents of the facilities for a period of [illegible] years in each case. In the present case no such understanding has been arrived at. Hence the Comptroller's reference. The Bank has also invested in the short term loan as well as the long-term loan

H. Secy

[illegible]

v Flags K & Z

3360
17-9.

P.T.O

Serial No.

Hag T

With the approval of Government the Mysore Bank was requested to accommodate intending investors to the New Loans by means of giving advances to the extent of 90% of the amount applied for, repayable with interest quarterly in advance at 5¼% , in a period of 18 months. The arrangement of leaving with the Bank the subscriptions received under the advance scheme during the period of recovery of the advance, sanctioned in the years 1920 and 1921 was made applicable in the present case also. As observed by the Comptroller, the Bank's advance scheme was only intended to be taken advantage of by its constituents and the public and the action of the Mysore Bank in itself subscribing Rs 10 lakhs under cover of this advance scheme is now in question

P.W.D

When we floated the 6¼% loan in 1920, the Bank of Mysore rendered much useful service to Government. The subscriptions through the Bank aggregated 40% of the total proceeds of the loan. Out of the total subscribed through it, namely, Rs 53 1/3 lakhs, the Bank's own subscription was about Rs 12½ lakhs. A sum of Rs 35 lakhs out of the amounts subscribed for through the Bank was allowed to remain with it as part of the Government balance for a period of 2 years. And in respect of the Bank's own subscription, Government undertook to grant to the Bank temporary accommodation against the cover of the 6¼% Bonds to the extent of Rs 10 lakhs ~~when~~ the Bank was obliged to borrow on the security of such investment.

P.T.O.

WD 2343—GPB—500—12-3-29

Serial No.

In connection with the flotation of 6½% and 7% Loans in 1921, the Bank was permitted to keep with it for a period of 2 years the whole of the amount of Rs 12 lakhs subscribed for by the public under the advance scheme. This concession was shown in addition to the deposit of Rs 35 lakhs under the 1920 arrangement.

On the present occasion, the arrangement so far approved is to permit the Bank of Mysore to retain for a period of 18 months the amounts subscribed for by investors under the Bank's advance scheme. There is no authority for allowing the Bank to keep with it the amount subscribed for out of its own resources. The value of this concession, represented by the difference in the rate of interest payable by Government and that leviable on current balances is about Rs 40 to 45 thousands.

According to the latest figures the total subscription into the New Loans through the Mysore Bank are as follows:-

	1955 5% Loan.	1930 5½% Bonds.	Total
	Rs In lakhs.		
1. Subscriptions by the Bank's constituents and the public in cash. ...	2.07	9.31	11.38
-do- by conversion. ...	8.31	6.69	15.00
2. Advance schemes including Rs 10 lakhs subscribed for by the Mysore Bank...	1.82	17.81	19.63
Total. ..	12.20	33.81	46.01

NOTE--Contn. Sheet.

WD 3120—GPB—500—2-5-30

P.T.O.

Serial No.

The correspondence between the Bank and the Comptroller appears to show that the subscription under the Advance Scheme was made under a bona fide belief as regards its ~~prosperity~~ propriety. And in view of this and of our relationship with the institution, I beg to support the Comptroller's proposal to accord sanction to the arrangement referred to in the last para of Mr. O'Brien's letter of 13th September 1930. It is however necessary to limit the amount to be placed with the Bank under the Advance Scheme. I would suggest that Rs 20 lakhs or any higher amount subscribed for up to the date of the communication relating to the Bank be fixed as the maximum and that all amounts subscribed for under the advance scheme in excess of this limit should be considered as balance at call.

DEWAN thro'
THIRD MEMBER.

17-9-30

I agree with the Finl Secy - I am not sure whether the Bank was not aware that the concession was not intended for it as it was clear that the concession was meant only for persons other than the Bank accommodated under the scheme. Anyhow it is not necessary to insist on this technical

WD 5120—GPB—500—2 5 30

App. F. III—2]

General and Revenue Secretariat — File No. 6 of 1930

DEWAN'S OFFICE 1446 18 SEP. 1930

Serial No.

3469/18 9

OFFICE OF THE THIRD MEMBER [illegible] COUNCIL 18 SEP. 1930 No. 685

(From) The Financial Secretary
to Govt.
Bangalore

Sir,

I am directed to forward herewith a copy of a letter No. 1134 dated 21st September 1930 from the Comptroller to Government and to request that you will be good enough to furnish the information called for therein.

I have the honour to be,
Sir,
Your most obedient servant,
Secretary to Government.

COMPTROLLER'S OFFICE R.O. 172 19 SEP. 1930 BANGALORE

R.O. 128/S.H. 20.9.30

Returned with compliments.

I have noted the orders of Government and have written accordingly to the Bank. I shall report further the reply that the Bank may send.

3519/23.9. FINANCIAL SECRETARIAT 23 SEP.

(From) The Comptroller No. 1134 dated 21.9.30

Forwards copies of correspondence with the Bank.

Submitted for perusal. The papers may be regarded

NOTE—Confn. Sheet

WD 02553—50,000—GPB—8-7-30

FINANCIAL SECRETARY
11 AUG
No.

D. No. 711/30 11/8

OFFICE OF THE COMPTROLLER TO THE GOVERNMENT
OF HIS HIGHNESS THE MAHARAJA OF MYSORE,

No. 316/S.L. *Bangalore, dated* 8th August *1930.*

G.2. 6.30

From

S. SHAMANNA, Esq., B.A.,
Comptroller to the Government of
His Highness the Maharaja of Mysore,
Bangalore.

To

Rajasevaparayana
B. Sreenivasa Iyengar, Esq., B.A., B.L.
Financial Secretary to the Government
of Mysore, Bangalore

Sir,

I have the honour to send herewith a copy of D.O. letter dated 6-8-1930 from the Manager, Bank of Mysore, Ltd., Bangalore, regarding our new loans. I had seen Mr. ~~P.W.~~ O'Brien in person today and ~~discussed~~ discussed the conditions under which the Bank is prepared to give advances to the public to enable them to subscribe to the loans. The Manager agreed to charge interest on the advances at the rate of 5¼% but he insists that the amounts to be paid to Government under the advance scheme should be left with the Bank, free of interest as was done during the year 1921. I request early orders of Government on this point.

As regards our bearing the cost of advertising the Bank's advance scheme, I suggested to him that the advertisements may be made through the Publicity Officer in two issues of the papers ~~the~~ suggested by him, viz., Madras Mail, The Hindu, The Times of India, and the Daily Post. I request approval of Government for this advertisement being done through the Publicity Officer at the expense of Government.

The favour of very early orders is requested.

I have the honour to be,

Sir,

Your most obedient servant,

For Comptroller.

S.S.

w/s. for Mean time up the Comm. paper advance h 11/8

Letter dated 6th August 1930 from the Manager, the Bank of Mysore, Ltd., Bangalore, to the Comptroller in Mysore, Bangalore.

I am in receipt of your letter of the 5th instant with reference to the New Loan proposed to be floated, and note contents with thanks.

Advance scheme. -

To avoid any future misunderstanding I wish to make it clear that no interest will be allowed by the Bank on the credit balances in the special current account to be opened for amounts received under the advance scheme. This is in accordance with the procedure that was adopted on previous occasions.

I beg to thank you for your suggestion to send advance copy of the instructions and of the Loan Notification to our Branches and append herewith a list of our Branches within the State.

As regards the advance scheme I cannot publish particulars until I know the rate of interest which the new loan will carry. Immediately we are in possession of this information I shall take necessary action.

As regards the cost of advertising our advance scheme, I am afraid I am not in a position to state what an advertisement in the various papers mentioned in my letter of the 4th instant will cost.

"Copy".

D. Lakshminarasimha Iyengar

Superintendent, S.L. Section.

Letter No.492 dated 13-8-1930, from the Manager, Bank of Mysore, Ltd Bangalore, to the Comptroller in Mysore, Bangalore

---

Advance scheme

In supersession of the statement made in the first paragraph of my letter of the 6th instant that no interest will be allowed by the Bank on the credit balances in the special current account to be opened under the Advance scheme, please note that interest will be allowed according to the Agreement in force regarding the rates of interest allowed on current account balances. The subscriptions received under the Advance scheme, though credited to a special current account for purposes of easy reference, will form part of the balance of the Government Current Account with the Bank.

"Copy".

D. Lakshminarasimhaiya

Superintendent, S.L. Section,

Comptroller's office, Bangalore.

Appendix F G—1

SUBJECT.....

.....

.....

Section 4.3

File No. 6.80

Serial No. 18

No. H1502/

Diary No. of letter replied to.....

General and Revenue Secretariat

( )

the 193 .

To The Comptroller to Govt.

Date of issue 24.8.30

Signed by M A R R

Sir,

With reference to Correspondence ending with Govt No H1502/ 80 of 14.8.30 giving Govt a Copy of letter No 492 of 13.8.30 received from the Manager, Bank of Cyprus, I am directed to state that

~~Govt approve~~ to convey Govt's Confirmation of the arrangement proposed in the subscriptions received by the Bank under the Advance Scheme in connection with the grant of advances by the Bank for investment with New Loans

Approval of Govt

List of enclosures.....

Copied by.....

Examined by.....

[over

WD 02559—GPB—25,000—25-6-30

New

Connection works to Rali Dam
will form part of the Balance
of the Govt Current Rice work
and Bank Carrying cultural
according to Agreement
mfora.

[illegible]
25/8/21

[illegible]

Copy works Completion to the
Manager, Bombay Gokak

[illegible]
1878.

28th August 0
29

H1502/

S. Shamanna, Esq., B.A.
Comptroller to Government.

With reference to correspondence ending with your Notification No.414/S.L. dated 14th August 1930 giving cover to a copy of letter No.492 dated 13th August 1930 received from the Manager, Bank of Mysore, ~~from~~ in regard to the Scheme of advances by the Bank for investment on the New Loans, I am directed to convey approval of Government to the arrangement referred to.

I have the honor to be,
Sir,
Your most obedient servant,

For Financial Secretary to Government.

W

S.R.-2

D.No. H1263/30
11/9

OFFICE OF THE COMPTROLLER TO THE GOVERNMENT
OF HIS HIGHNESS THE MAHARAJA OF MYSORE.

No. 896/S.L. Bangalore, dated 9th September 1930.

Encl 1.

GJ 6.30:38

From

S. SHAMANNA, Esq., B.A.,
Comptroller to the Government of
His Highness the Maharaja of Mysore,
Bangalore.

To

Rajasevaparayana
B. Sreenivasa Iyengar, Esq., B.A., B.L.,
Financial Secretary to the Government
of Mysore, Bangalore.

FINANCIAL

Sir,

In continuation of my No. 316 dated 8-8-1930, I have the honour to state for the information of Government that the Manager, Bank of Mysore, refused in the first instance to allow interest on the full amount subscribed for the New Loans under the Bank's Advance Scheme, but accepted to allow interest only on the amount of cash actually received from subscribers from time to time in repayment of the advance granted by the Bank. On my explaining to him the position clearly in my letter No.756/SL dated 1st September 1930 (copy enclosed) and in a personal discussion on 3-9-1930 he has agreed to allow interest on the full amount subscribed for under the advance scheme at the rate applicable to current account balances under the agreement with the Bank. The point may thus be regarded as satisfactorily settled.

I have the honour to be,

Sir,

Your most obedient servant

S. Shamanna
Comptroller.

9.9.30

S.S.

Letter No.756/S.L. dated 1-9-1930 from the Comptroller in Mysore, Bangalore, to the Manager, Bank of Mysore, Bangalore.

Advance scheme - New Loans.

With reference to your letter No.M.622 of the 29th ultimo, I have the honour to state that from your letters, I have to gather that while you are agreeable to allow interest at "Current account rates" on the portion of the loan subscription under the advance scheme which is actually paid up from time to time by the parties, you seem to be unwilling to do so on the portion of the advance outstanding against the party. On this latter portion, you get from the party 5¼% interest which in its turn comes from the interest on the bond which Government pays from the date of application. What we want is that a portion of this interest at 5¼% may be given on the corresponding balance in our current account at "Current account interest rates", as without it, Government would get neither money nor interest against the bond issued on which full interest is paid. This arrangement leaves the Bank a sufficient margin for its trouble, viz., the difference between 5¼% and the current rate of interest of 2½% or so paid to Government. I hope the matter is now clear and you will agree to pay interest on this amount also.

"Copy".

D. Lakshminarasimha Iyengar 9.9.30

Superintendent, ~~S.L.~~ Section.

1017/S.L

No. 1071/S.L.

OFFICE OF THE COMPTROLLER TO THE GOVERNMENT
OF HIS HIGHNESS THE MAHARAJA OF MYSORE,

Bangalore, dated 15th September *1930.*

1348/36
16/9/30

From

S. SHAMANNA, Esq., B.A.,
Comptroller to the Government of
His Highness the Maharaja of Mysore,
Bangalore.

To

Rajasevaparayana
B. Sreenivasa Iyengar, Esq., B.A., B.L.,
Financial Secretary to the Government of Mysore,
Bangalore.

FINANCIAL SECRETARY
16 SEP
No.

w/s. Sir
Immediate - with p.p.
Please note what was in connection with the publication of 6½% Loan in 1920 & 1921 respectively
16/9/30

New Loans - Mysore Bank Advance Scheme.

In continuation of my letter No.896/SL dated 9th September 30 I have the honour to forward herewith for the information of Government copy of my letter of 12th instant to the Manager, Bank of Mysore and his reply thereto dated 13th instant, intimating that out of the total amount of Rs.19.12 lakhs subscribed for through the Bank's Advance Scheme, Rs.10 lakhs represents the amount ~~xxxxxxBank~~ subscribed for by the Bank on its own account. The Advance scheme was started with a view to help members of the public who might not be in a position to subscribe the full amount required by them in lump but might be able to pay in easy monthly instalments. The Bank's action in taking advantage of this concession in utilising it for its own benefit may not be regarded as strictly admissible under, or contemplated by, the Advance Scheme. The effect of this arrangement is that Government would have to pay interest at 5½% on the full amount subscribed for, while getting in return only interest (at about 2½%) allowed by the Bank on our current account for a period of 18 months. The money value of the concession to the Bank will amount to Rs.45,000. Further, the total amount subscribed for relates entirely to 5½% Bonds and the Bank regrets its inability to take half the investment in 5% loan as proposed by me. The Bank has, however, agreed to allow Government to withdraw the amount of bonds held under the Advance scheme before the stipulated period of 18 months, if the Bank sells such bonds before this period. This

D.O.No.740 dated 13-9-1930 from the Manager, Bank of Mysore, Ltd Bangalore to the Comptroller in Mysore, Bangalore.

With reference to your letter of the 12th instant, the total subscriptions under the "Advance Scheme" upto date are as follows:-

5% bonds.	Rs. 1,89,500.
5½% Bonds	17,22,400.
	19,11,900.

out of which we have taken Rs. 10 lakhs for ourselves.

When I mentioned the matter to you, you stated that you could not possibly see any objection to our taking up Bonds under the Advance Scheme and that it was exactly the same as if we had taken them on behalf of the public. You further volunteered the information that when the previous loans were floated some Bombay Banks were allowed to take the bonds for which they had subscribed subject to payment at a later date.

While regretting our inability to take half of the investment in the 5% loan, I beg to state that should we sell all or any portion of the ten lakhs subscribed for under the Advance Scheme before the expiry of the full period allowed for the repayment of the advance, we shall be pleased to allow Government to withdraw the cash equivalent at par value of the bonds sold. As sales are effected we shall advise Government

---

"Copy".

D. Lakshminarasimhaiya 15-9-30

Superintendent, S.L. Section.

D.O.No.961 dated 12th September 1930 from the Comptroller to the Government of Mysore, to the Manager, Bank of Mysore, Ltd., Bangalore.

I am informed by Mr. K. Guru Dutt, Assistant Comptroller that the Bank has itself taken 10 lakhs of the 5½ percent bonds under Advance Scheme and that the upto date total under the Advance Scheme is as follows:-

5½ % Bonds	17,19,000
5% "	1,69,500

When you mentioned to me in the course of my Conversation on 3-9-30 that you would suggest to your Directors that the Bank might take up under the Advance Scheme 5 lakhs of the New Loan I did not anticipate that you would do so immediately without formally consulting Government as you yourself felt doubtful about the propriety of such a step. Will you kindly confirm the information furnished by Mr. Dutt and let me know whether it is not possible for you to take half of your investment in the 5% bonds, and also to allow Government to withdraw the cash equivalent from the current account in case of necessity in cases in which you might sell the paper subscribed for under the Advance scheme before the expiry of the full period allowed for the repayment of the Advance.

"Copy".

D. Lakshminarasimhaiya 15/9/30

Superintendent, S.L. Section.

G.7.6-30-42.

OFFICE OF THE COMPTROLLER TO THE GOVERNMENT
OF HIS HIGHNESS THE MAHARAJA OF MYSORE,

1134/
No. ~~Spl.~~ S.L

Bangalore, dated 20th September *1930.*

21

1480/26
25/9/30

From

S. SHAMANNA, Esq., B.A.,
Comptroller to the Government of
His Highness the Maharaja of Mysore,
Bangalore.

To

Rajasevaparayana
B. Srinivasa Iyengar Esq., B.A., B.L.,
Secretary to the Government of Mysore,
Financial Department, Bangalore.

SK
24/9

Sir,

In continuation of my Unofficial Note No.128/Spl dated 19th September 1930 re. limiting the amount to be placed with the Mysore Bank under the Advance Scheme to 20 lakhs, I have the honor to forward herewith a copy of my letter No.1113/S.L. dated 19-9-30 to the Bank together with a copy of the reply received thereto. I have informed the Bank that the amount may be limited to 20 lakhs or the amount subscribed upto the 22nd Monday as suggested by him. I have the honour to be,

Sir,
Your most obedient servant,

S. Shamanna.

Comptroller.

CV

Letter No.1113/S.L. dated 19-9-1930 from the Comptroller in Mysore, Bangalore to the Manager, Bank of Mysore, Bangalore.

I am in receipt of your D.O. No.740 dated 13th September 1930 the contents of which have been duly placed before Government. I note that the Bank is unable to change a portion of the investment into the 5% Loan but that if any of the securities are sold before the expiry of the full period allowed for the repayment of the advance the Government will be allowed to withdraw the cash equivalent of such bonds sold.

2. Government, however, consider it necessary to limit the amount to be placed with the Bank under the advance scheme and direct that it may be limited to 20 lakhs or any higher amount which may have been subscribed for under the advance scheme by the time this letter reaches you and that subscriptions under this Advance Scheme in excess of this limit should be considered as money at call. This may be kindly noted.

3. Applications to the new loans so far received amount to about 292 lakhs.

"Copy".

D. Lakshminarasimhaiya

Superintendent, S.L. Section.

Letter No.M.818 dated 20th September 1930 from the Manager, The Bank of Mysore, Ltd., Bangalore.

Government of Mysore New Loans 1930.

We are in receipt of your letter of the 19th instant and note that Government wish to limit the amount to be subscribed under the Bank's Advance Scheme to Rs.20 lakhs or such sum as may have been received upto this date.

We have circularised our Branches today and shall thank you to allow us to receive subscriptions received at Branches upto Monday the 22nd inst.

I am glad to learn that the applications to the new loans so far received amount to Rs.292 lakhs.

"Copy".

D. Lakshminarasimhaiyya

Superintendent, S.L. Section.